United States
Department of Agriculture

Foreign Agricultural Service

November 1987

Foreign Agriculture

U.S. Wines Are
Toast of Foreign Markets

Marketing News

MEF Promotes U.S.-Style Dishes in Far East

Japanese families are receiving helpful hints for preparing U.S.-style meals made with meat from the "American Meat Family Menu," a brochure being distributed at supermarkets, department stores and retail outlets in Japan by the **U.S. Meat Export Federation (MEF).** The brochure was developed in answer to consumer and meat department manager requests for a simple guide to meals. The brochure gives Japanese consumers directions on how to use U.S. meat in their daily meal plans, and provides background and nutritional information on U.S. beef and pork.

Recipes for the easy-to-make U.S. meat dishes include pork Hawaiian steak, pork cutlet with pickled Japanese apricot, sliced raw beef and hot beef sandwiches. Simple dishes for single people also are included.

In Hong Kong, the Federation is also handing out a cookbook for Chinese consumers. This is the first time the Federation has developed a full-length cookbook for overseas consumers. Printed in Chinese and English, each of the 90 Chinese-style recipes uses U.S. beef and includes a color photo of such items as chuck of beef on lotus leaf, Schezuen tartar steak in golden cups and banana leaf-wrapped fried minced beef.

The recipes were developed by Hong Kong restaurant chefs during MEF's Chinese restaurant campaign last spring. The purpose of both the restaurant promotion and the cookbook is to encourage Hong Kong consumers to incorporate U.S. beef into their daily eating habits. During the restaurant campaign, the U.S. beef dishes were popular, and many of the restaurants have continued to feature the U.S. beef dishes on their menu. From January through June, U.S. beef exports to Hong Kong increased 54 percent over the previous year, from 560 million tons to 861 million tons, while U.S. pork exports increased 104 percent, from 102 million tons to 208 million tons.

Forest Products Trade Mission Travels to Europe

Last summer the fourth annual **Southern U.S. Trade Association (SUSTA)** Forest Products Trade Mission traveled to the United Kingdom, Belgium and West Germany for seminars, meetings and receptions with the British Timber Trade Federation, the Belgian Wood Importers Federation, and attended a German trade fair.

Presentations were given on the local markets, trade structure, distribution channels and specifications, followed by discussion sessions. SUSTA exporters had the opportunity to establish agent relationships and to meet with importers and end users of southern wood products. In Belgium, the team also visited Bomaco, S.A., a worldwide importer and supplier of hardwoods and softwoods, and COPLAC, a manufacturer and supplier of fine veneers and an importer of lumber and veneer logs.

The last stop on the mission was INTERZUM '87 in Cologne, West Germany, where SUSTA had a large booth. INTERZUM is the world's largest supply fair of the furniture industry and Europe's largest trade fair for wood and interior finishings. Attendance was estimated at 50,000, with visitors representing 89 countries. Resulting sales for the next year are expected to be over $1 million.

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U.S. Wines Are the Toast Of Foreign Markets

By Leslie Berger

U.S. wines are becoming the wine of choice in more and more overseas markets. Aggressive marketing techniques and favorable exchange rates helped boost U.S. wine exports by 27 percent in 1986 to $35.3 million. Prospects for 1987 are even better, based on early 1987 sales.

The British and Japanese markets have seen the most expansion in imports of U.S. wines. This is attributed to a growing acceptance of U.S. wines by consumers and connoisseurs who traditionally turned to Europe for good quality wines.

Other market influences affecting the overall increase in foreign consumption include increasing numbers of women drinking wine, the liberalization of Taiwan's monopoly system and the diethylene glycol scare which tarnished the reputation of some European and Japanese wines. The devaluation of the dollar relative to the yen and the pound sterling also has aided market expansion.

Wine Institute Promotes With TEA Help

With funding from the U.S. Department of Agriculture's Targeted Export Assistance (TEA) program, the Wine Institute—which represents California wine producers—

has expanded activities to promote U.S. wines. In 1986, the Institute received $2.5 million to finance promotional activities in Japan, Hong Kong, Singapore, Taiwan, the United Kingdom and Denmark.

The organization received an additional $2.6 million in 1987 to continue promoting U.S. wines in these same countries. During the first four months of 1987, wine exports to these six countries doubled compared to the previous year, to $6.1 million.

Taiwan boasts the largest increase in imports at 676 percent, from $78,000 to $606,000 during the first four months of 1987. The United Kingdom followed at 107 percent, increasing to $2.2 million from just over $1 million. Hong Kong's imports increased 106 percent, from $179,000 to $369,000. Denmark was next with a 97-percent rise, importing $338,000 from $172,000. Finally, Japan's imports increased 75 percent, from approximately $1.5 million to just over $2.5 million.

Exports to Singapore declined, however, due to high import tariffs, excise taxes on wine and an economic recession.

Japan Shows Strong Potential

Japan has shown the greatest potential for increased U.S. wine exports due to its current low per capita consumption and to some progress in liberalizing high import barriers.

In April 1987, Japan lowered its wine import tariff rate from 30 to 21 percent. In addition, the 50-percent ad valorem internal tax on all imported wine is scheduled to be replaced by a different taxing system on January 1, 1988.

Despite the recent marketing success of U.S. wines in Japan, future exports may be hampered by strict tolerance levels set for chemical additives in wine and the mandatory certification of wine by testing stations registered with the Japanese Ministry of Health.

Other Asian markets are not as receptive to U.S. wine exports due to religious bans of consumption of alcoholic beverages. Also, lack of foreign currency has discouraged governments of such countries from spending scarce currency on luxury goods such as wine.

Wine Accord Opens Up EC Market

Market access into the European Community has been aided in recent years by the 1983 U.S.-EC Accord on Enological Practices, known as the Wine Accord. The accord helped overcome technical barriers which previously hindered wine exports to the EC.

In addition to improving the flow of wine trade, the Wine Accord encouraged the upgrading of U.S. enological practices which improved the quality and marketability of U.S. wines.

The scheduled renewal of the Wine Accord in July 1988 has prompted discussion of certain U.S. practices such

as ion exchange and the use of fumaric acid. The United States hopes to convince the EC to extend or make permanent its recognition of U.S. enological practices.

Wine Surpluses Dampen EC Imports

Although some technical barriers have been overcome, EC imports are likely to be lower this year, due in part to the Community's huge wine surpluses. EC wine grape growers are assisted by a system of support prices and subsidized storage for all table wines, which has caused the build-up of wine stocks.

However, the EC is trying to reduce surpluses by limiting government support measures. The EC Commission has proposed cutbacks of support prices for all classes of table wine and has banned most new plantings until 1990.

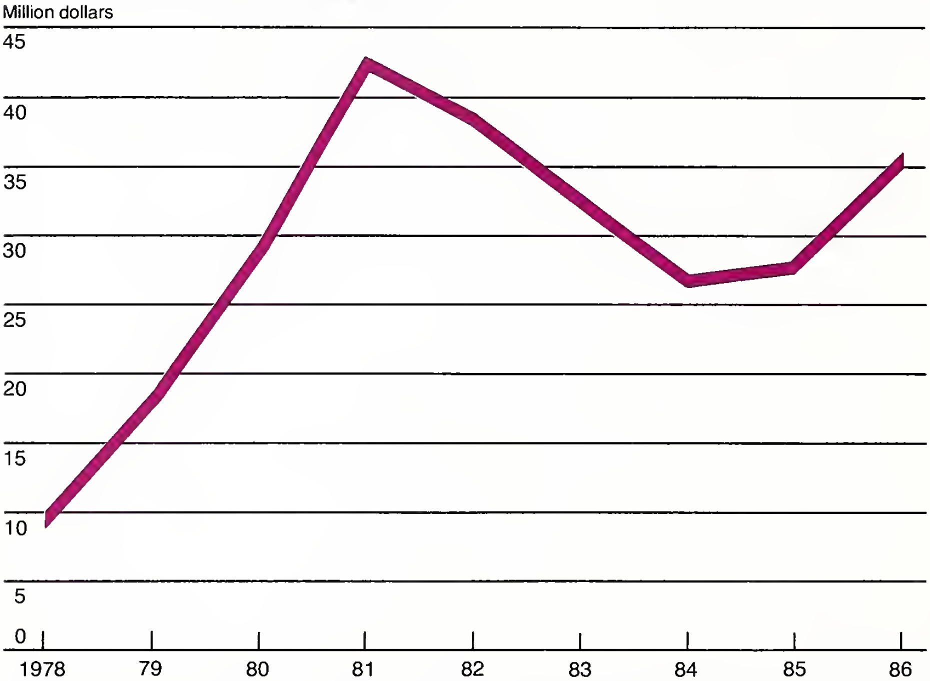
In addition, access to EC markets has been impeded by strict labeling regulations which prevent the use of certain French regional names such as Burgundy and Champagne. These names are commonly used on U.S. wine labels.

Sales in Canada Impeded

Although Canada imports as much U.S. wine as Japan, imports declined 13 percent in volume and 29 percent in value between 1982 and 1986 according to Canadian import data.

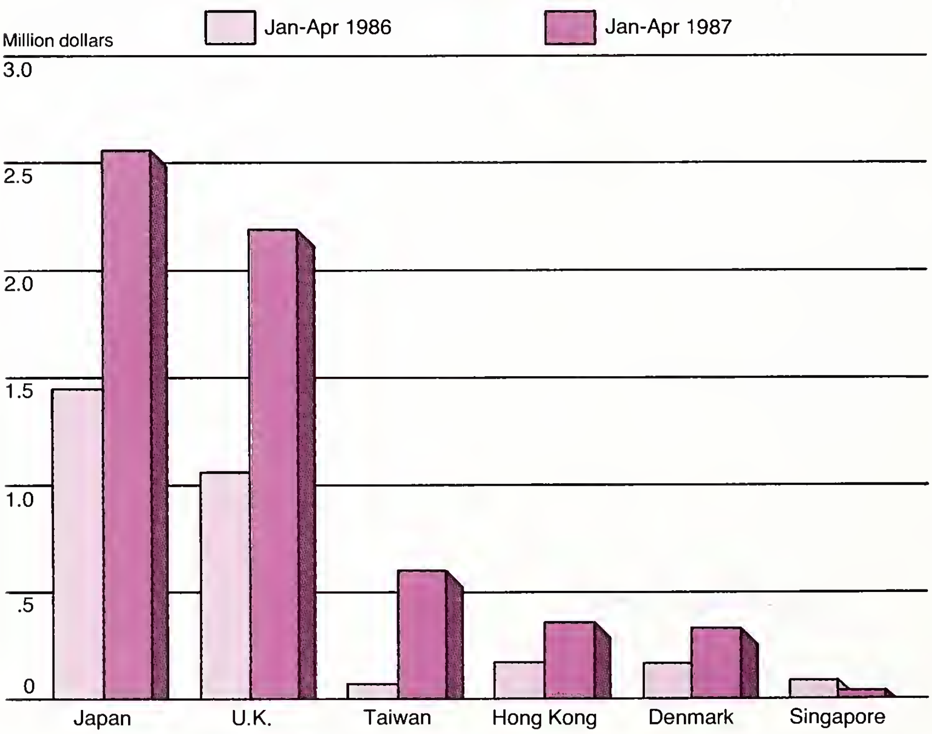
The major obstacles preventing greater U.S. wine exports to Canada are the practices of the provincial liquor control boards. Each board has its own system of listing both domestic and imported

U.S. Wine Exports Rebound[1]



[1]Total exports derived from U.S. Dept. of Commerce data for all countries except Canada. Statistics Canada data used for Canadian imports instead of U.S. exports to Canada. Undercounting of U.S. exports to Canada requires this adjustment.

TEA Program Increases U.S. Wine Exports



Source: Dept. of Commerce, Bureau of Census

alcoholic beverages. Exporters must have their wine listed separately in each province into which they want to export. U.S. producers have frequently had difficulty obtaining listings in many Canadian provinces.

If U.S. wines obtain listings by the various provincial liquor boards, it is difficult to promote their sale because managers of government-owned stores often are unwilling to cooperate in promotional efforts. U.S. exporters complain that their wine, even if listed, is not displayed prominently.

Canadian wineries in some provinces also have the advantage of marketing wine through their own outlets or through supermarkets—two market channels closed to U.S. exporters.

Canadian officials claim U.S. wineries need to invest more in advertising in Canada. Some of the larger California wineries have embarked on major wine promotions in Canada. The Wine Institute and State of California have recently invested in a California wine promotion in Canada.

Additionally, the Foreign Agricultural Service, Foreign Commercial Service and U.S. Consulate in Canada have collaborated with the U.S. wine industry in assisting the Society for American Wines (SAW). This group promotes U.S. wines in Canada through educational efforts and wine fairs.

Another issue affecting U.S. wine sales in Canada concerns the pricing policy of the provincial liquor boards which puts a higher markup on imported wine than on domestically produced wine.

Canadian officials, in defense, claim that certian U.S. states have discriminatory tax structures and licensing fees as well as strict labeling requirements which hinder their wine exports. These market access issues are being discussed as part of the U.S.-Canada Free Trade Area agreement negotiations. ■

The author is with the Horticulture and Tropical Products Division, FAS. Tel. (202) 447-4620.

Overseas Buyers Are Bullish on U.S. Dairy Genetics

By Kevin Meyer

The United States is the acknowledged leader in bull semen exporting, with a distinguished past and a bright future. Backed by a superior genetic base, an aggressive and innovative industry and a strong commitment to exporting, international sales have increased from $1 million to $28 million in only 15 years.

Semen exports increased 27 percent in value during the first half of 1987 compared with the same 1986 period, and projections indicate continued success for U.S. exporters.

Canada, the world's second largest semen exporter, markets only half the amount that the United States does in the international market.

West Germany, the Netherlands, New Zealand and Israel also are becoming competitors—due in part to good quality semen derived from imports of genetic material from the United States. However, U.S. semen exports show no sign of relinquishing the No. 1 spot.

U.S. Exports of Bull Semen Have Climbed Dramatically

[1]Projected.

Superior U.S. Genetics Fuel Demand

Genetic superiority and a large genetic population are the most obvious advantages the United States has over other semen exporting nations. Proven production records and sire summaries document this superiority.

Both industrialized and developing countries look to the United States for high-quality semen to increase quality and production levels of their dairy industries.

Many countries now use U.S. semen for artificial insemination in nearly all of their dairy herds in an effort to emulate the success of the U.S. dairy industry.

Major U.S. Customers

Brazil was the main U.S. semen importer in 1972—the first year U.S. bull semen exports were recorded. At that time, South American markets accepted the superior quality of U.S. genetics more quickly than more developed countries.

Today, however, Canada, Mexico, and the European Community (EC) have become major U.S. customers after realizing the prooduction potential of U.S. herds over their traditional domestic stock.

These three markets account for nearly half of U.S. semen exports, although there appears to be a leveling off in exports to the EC where herd upgrading with U.S. semen has allowed the Community to become more self-sufficient in artificial insemination and semen supply.

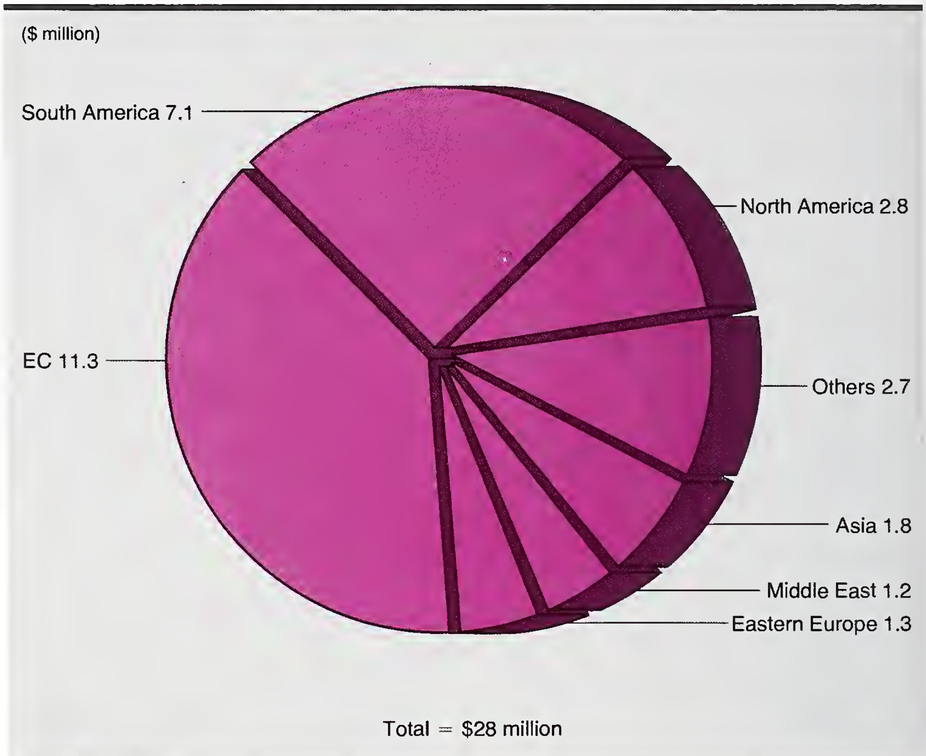
Developed Countries Are Most Reliable Markets

With extensive artificial insemination programs in place, developed nations have proven to be the most reliable markets for U.S. semen.

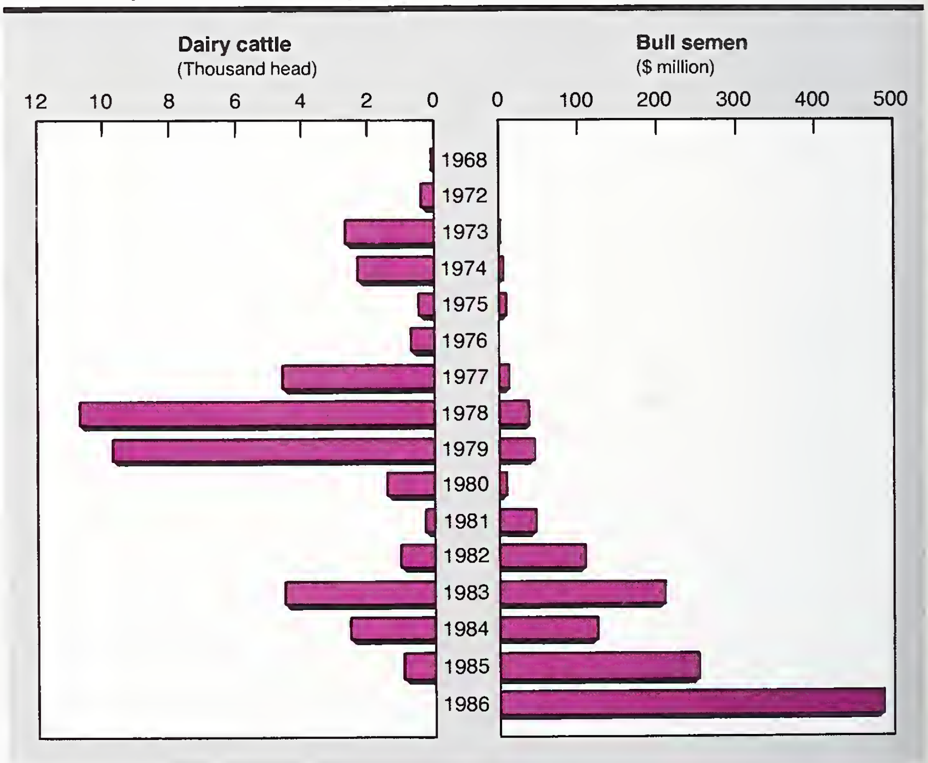
Japan, Australia, New Zealand, Great Britain and Ireland all have opened up as markets within the past three years. They show good potential as continued markets due to extensive use of artificial insemination.

Latin American countries are promising growth markets due to upward trends in the economy and incomes. Growing

EC and South America Were Top U.S. Semen Customers in 1986



Korean Imports of U.S. Dairy Cattle Are Leading to Semen Sales



populations are experiencing a higher standard of living, and are demanding higher quality dairy cattle and dairy products.

Breeding Cattle Lead the Way

Markets for U.S. breeding cattle often grow into good markets for U.S. semen as importing countries take further steps to improve dairy herds.

Herd improvements occur in stages. First breeding cattle are purchased. Then newer markets generally purchase less expensive semen, although it still is genetically superior to domestic samples. More expensive products are purchased as herd upgrading continues.

Korea is a prime example of this practice. Korea was a major buyer of U.S. dairy cattle in 1978 and 1979, with peaks of nearly 11,000 head. With the need to upgrade herds, the bull semen market in Korea has increased steadily since 1982 with an average annual growth rate around 40 percent.

Similarly, Japan made large dairy cattle purchases in 1972-73 and 1978-79, then rapidly increased its U.S. bull semen purchases after semen imports were first allowed in 1983.

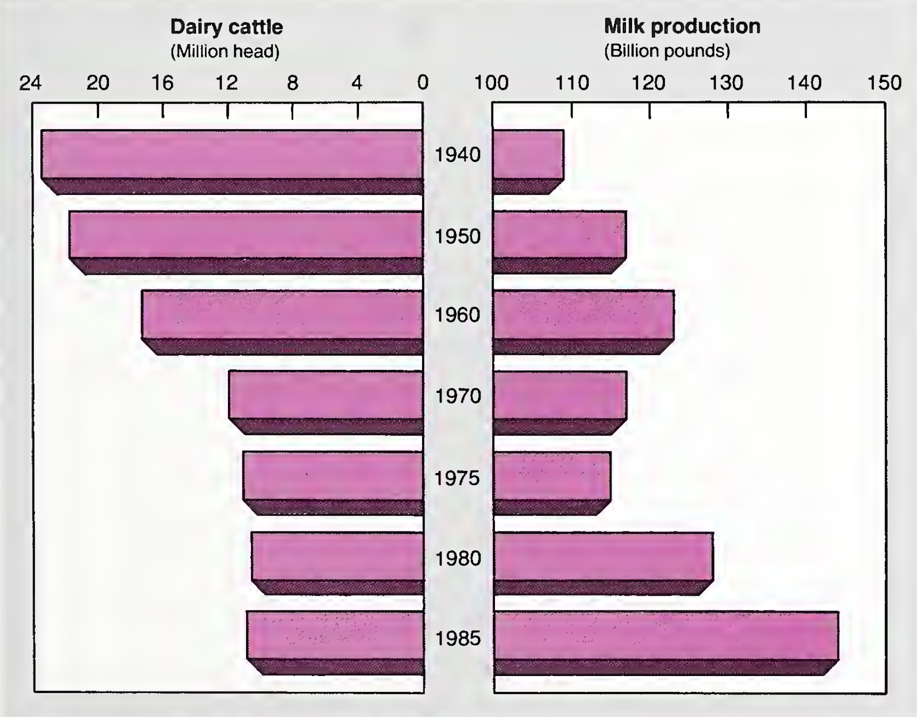
Future semen exports—particularly to Mexico, which as of early September had bought 37,441 U.S. dairy cattle under the Dairy Termination Program—look encouraging as buyers prepare to improve their new herds.

Government-Industry Cooperation

Many private industry associations work with USDA's Foreign Agricultural Service through its cooperator program in promoting the marketing of U.S. bull semen to overseas markets.

These associations include the American Jersey Cattle Club, Brown Swiss Cattle Breeders Association, Dairy Society International, Holstein-Friesian Association of America, National Association of Animal Breeders, U.S. Beef Breeds Council and Livestock Exporters Association.

Improved Dairy Genetics Are Boosting U.S. Milk Output Despite Fewer Cattle



Holsteins Are Most Popular Suppliers

In general, nearly 85 percent of U.S. dairy semen exports over the past several years have been from Holstein sires. High milk production, climatic adaptability, resistance to disease and long herd life make Holsteins a sought-after breed abroad.

Jersey and Brown Swiss breeds account for about 12 percent of semen exports. These breeds produce a higher butter fat content than Holsteins and, due to their smaller size, require less feed and are better suited to warmer climates.

Overseas marketing efforts by these associations are aimed at educating foreign breeders about the strengths of U.S. genetics, developing U.S. industry awareness of individual markets and helping to reduce barriers to trade in genetics.

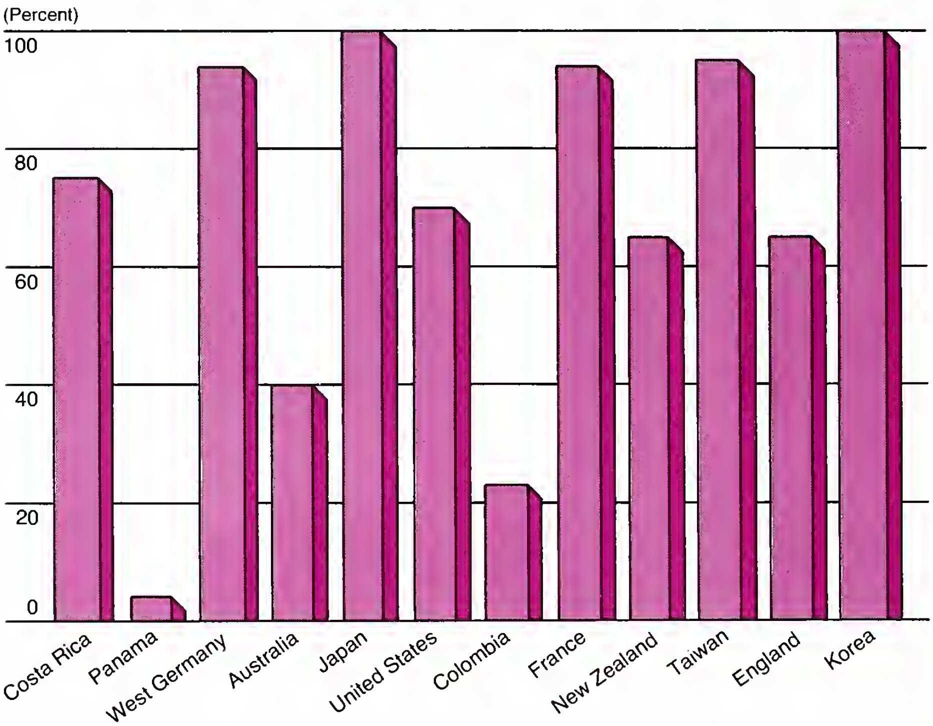
Examples of these efforts include the Holstein-Friesian Association of America sponsoring U.S. dairy study tours for delegations from Morocco and Algeria, completion of a technical cooperation dairy project in Tunisia, and seminars for Egyptian government officials to promote superior-quality U.S. Holsteins.

These countries have since imported U.S. Holsteins valued at $24 million. U.S. Holstein semen imports are expected to increase as a direct result of these cattle shipments.

The Holstein-Friesian Association of America and the National Association of Animal Breeders teamed up to expand U.S. Holstein markets in Japan, increasing Holstein cattle and semen sales there to more than $1 million. Twelve of the top 20 Holstein bulls in Japan have genetic linkage to U.S. lines.

The National Association of Animal Breeders also succeeded in modifying

Many Countries Are Turning to Artificial Insemination To Upgrade Dairy Herds (1986)



health testing protocol in several European countries, particularly Great Britain and Switzerland, that had previously restricted and/or denied imports of U.S. semen.

Since 1983, USDA has encouraged semen exports by allocating funds for credit programs to foreign countries. Between 1983 and 1986, nearly $2.5 million in credits and credit guaranteees were used by Tunisia, Hungary, Ecuador and Honduras for imports of U.S. semen.

In early 1987, the CCC reallocated $15 million in credit guarantees to provide coverage for breeding livestock, which included guarantees for semen. Brazil, Ecuador, Honduras, Hungary, Mexico, Argentina, Panama, Tunisia and Uruguay have guarantees available through this program.

Technology Is Creating New Sales

Technological advances in genetic transfer continue to open new opportunities for U.S. agricultural exports. Countries that historically have imported increasing quantities of bull semen are now also importing embryos.

The U.S. embryo industry exported $1.5 million worth of embryos in the past few years. France, West Germany and the Netherlands are the top U.S. embryo importers. Each of these countries also has been a major bull semen importer in the past five years. ■

The author recently completed an internship in the Dairy, Livestock and Poultry Division, FAS.

Artificial Insemination Has Long Tradition

The use of artificial insemination (AI) is not a new technology. It reportedly was used by Arab horsemen in the early 14th century for breeding mares. The first scientific studies involving AI were performed with dogs in 1780 by an Italian physiologist.

But it was not until nearly 100 years later that Europeans realized the implications of AI—more female animals could now be inseminated from one male's semen, extending valuable traits to many different herds.

The first calf produced by artificial insemination in the United States was born in 1907 in Oklahoma, but it was not until 1937 that initial research began at various land-grant colleges. This led to research on spermatozoa, semen extension (dilution), storage, shipping and insemination techniques.

The first semen exports were reported in the 1940s when two Polish ewes conceived after being inseminated with semen that had been cooled and transported for 51 hours from England.

AI technology and transportation have advanced significantly since then. Today, semen doses are sold and transported in straws about the size of a ball point pen refill. They are generally frozen in liquid nitrogen or dry ice and alcohol. This freezing technique also is used to store semen for indefinite periods in order to assure that genes of top quality sires are not lost due to death or illness.

In the United States, AI efficiency has grown substantially. In 1943, a bull could be used to breed 318 cows artifically each year, compared with about 34 by natural service. Insemination averages increased to 3,600 per year by 1970 and today, further technological advances have resulted in a single bull being able to sire artificially an average of nearly 40,000 offspring.

Artificial insemination also increases the average yield of dairy cows by increasing the concentration of high production animals. Although the dairy cattle population in the United States has been fairly stable over the past 15 years, total milk production has increased 21 percent, thanks primarily to artificial insemination.

Popcorn Market Jumping in Japan

By Suzanne Hale

A popular snack in Japan is cuttlefish—small squid that have been sundried. But the Japanese also have developed a fondness for a snack that is as American as Hollywood, cheeseburgers and cowboys—popcorn.

U.S. popcorn is becoming a popular item in Japan. In fact, it is becoming so popular that a group of Japanese reporters traveled to the United States in September to learn more about it. Since 1982, the amount of U.S. popcorn exported to Japan has more than doubled, from under 3,000 metric tons to over 6,300 tons in 1986.

Granted, this may seem a small amount compared to the 57,500 tons of U.S. beef exported to Japan in 1986. But considering that 1 pound of raw popcorn makes several gallons of the crunchy white snack when popped, and there are about 2,205 pounds in a ton. . .6,300 tons makes a virtual sea of popcorn.

U.S. Is Main Supplier

All of Japan's popcorn is imported since the Japanese grow none of their own, and the United States is their main supplier.

There's a good reason for this, according to Dierdre Flynn of the U.S. Popcorn Institute.

"Popcorn is uniquely American," Flynn said. "The Wampamoag Indians served it to the Pilgrims at the first Thanksgiving dinner in Massachusetts."

The Japanese have been importing popcorn since the mid-1960s, said Janet Bir of Weaver Popcorn in Van Buren, Indiana, a major exporter to Japan.

"The westernization of Japan played a role in the increase in popcorn consumption by the Japanese," Bir said, "plus, they were attracted to the nutritional value of popcorn."

Quota on Popcorn Imports

Japan has a tariff quota on popcorn. This is part of a program to restrict corn imports to protect Japanese producers of potatoes, sugarcane and sugarbeets, since corn starch and corn sweeteners compete with potato starch and sugar.

Nineteen Japanese firms are licensed to import specific amounts of popcorn without paying a duty. There is a catch, though—all duty-free popcorn must be popped before it leaves the factory. This regulation insures that duty-free popcorn will not be used for other purposes such as to make corn starch.

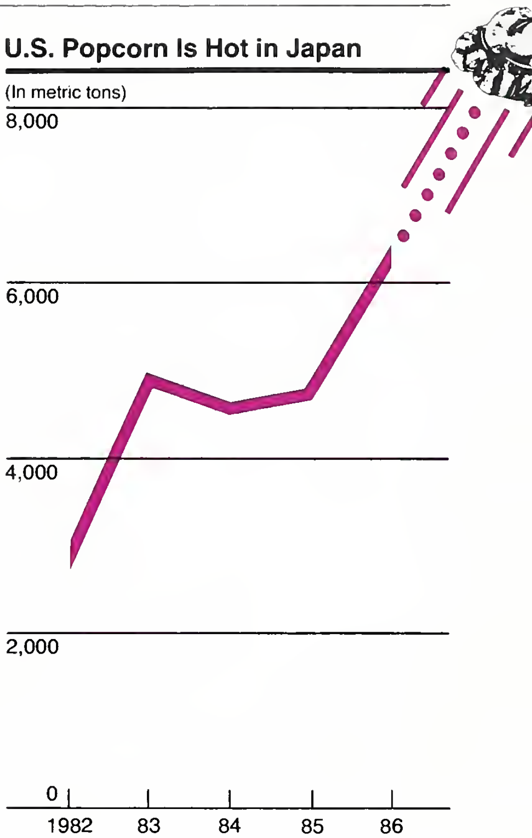
Popcorn imported outside of the duty-free quota, either by licensed firms that exceed their allocation under the quota or by unlicensed firms, is subject to a tariff of 15 yen per kilogram (about 10 cents per pound).

Also, the Japanese Ministry of Agriculture, Foresty and Fisheries requires all imported U.S. popcorn to have a phytosanitary certificate issued by the USDA's Animal and Plant Health Inspection Service.

No Restrictions on Popcorn Outside Duty-Free Quota

While duty-free popcorn must be popped before it is sold, there are no restrictions on popcorn imported outside the duty-free quota. Unpopped popcorn may find its way to vendors at ball parks or on the streets for popping and selling, or to popcorn machines in bars.

U.S. Popcorn Is Hot in Japan



However, relatively little raw popcorn is sold for popping at home. Home poppers are virtually unheard of in Japan. But things may soon change. Imported microwave popcorn for home use has begun showing up in Japanese supermarkets.

In recent years, because the demand for popcorn has been increasing, the government has increased the duty-free quota, from 3,200 tons in 1983 to 5,100 in 1986. However, the quota has never been used fully because of the popped-before-sold requirement.

There is good potential for further increases in popcorn sales to Japan because health-conscious Japanese consumers may be attracted to popcorn's high fiber and low calories. ■

The author is the U.S. agricultural trade officer in Tokyo.

Korea Warms Up to U.S. Furs

By Elizabeth Berry

With an impressive fourfold growth in their industry in just 15 years, Korea's fur garment manufacturers have turned their country into a leading world supplier of furs, second only to Hong Kong in exports. To achieve the rapid growth and become the $190-million operation it is today, the industry has had to rely almost completely on imports.

The Korean market for fur skins may be divided into two parts—one for raw skins and one for dressed skins. In 1986, Korea purchased $120 million worth of raw fur skins, about four times as much as dressed skin imports.

Raw Fur Imports Grow Dramatically

Since 1980, Korea's raw fur imports increased by nearly half in volume and more than quadrupled in value. The increase reflects the industry's evolution into a supplier of high-quality, luxury garments.

The United States provides about 8 percent of Korea's raw fur skins, with the bulk coming from Scandinavia. Scandinavia's advantages in this market are its export financing and its large supply of uniform quality pelts.

Dressed Fur Imports Hold Steady

At just under 20,000 tons, the volume of dressed fur imports has remained almost unchanged from 1980, but the value has increased around 20 percent to almost $33 million. The United States is Korea's leading source of dressed fur skins, supplying over one-quarter of the market in 1986.

Korea's 10-year-old fur-dressing industry, while on the rise, is still relatively unsophisticated. Therefore, manufacturers of top quality garments continue to rely on imports for the highest quality dressed mink and wild animal skins.

Mink accounts for almost half of total import value, followed by fox which accounts for one-sixth. Korea imports about a third of its dressed mink skins from the United States. The United States is also Korea's leading source of wild, dressed fur skins such as opossum, coyote, raccoon and nutria.

Korean manufacturers have not yet developed the capability of dressing wild skins. However, the rapid technological strides made by the Korean leather industry in the past three years suggest that Korea probably will develop the capacity for carrying out this first-stage processing in the near future.

Financing Is Crucial to Korean Buyers

Since raw fur skins are offered only at auctions about four months of the year, importers must procure their entire year's needs during this period. Auction terms usually require complete payment within 15 days of the auction's close.

Because Korea's fur industry is generally under-capitalized, financing is a key element in importers' decisions about which suppliers to use and how much to buy.

Both Europeans and Canadians routinely offer financing packages in the six-month range at commercial rates. Some U.S. financing was made available at last year's Seattle fur auction on 180-day terms at a 10-percent interest rate.

In August, USDA announced a $20-million credit guarantee line for sales of fur skins of U.S. origin to Korea under the GSM-102 program. The line provides commercial interest rates on 12-month terms. A similar program will be in effect in 1988.

U.S. Has New Opportunity

In an effort to even out the trade surplus with the United States, the Korean government has established guidelines to allow U.S. fur skin exporters to import their own products (both raw and dressed) into bonded facilities in Korea.

From there, the exporters will be able to make direct sales to end-users. Firms wishing to invest in these facilities may apply to the Korean government. (Interested exporters are advised to contact the U.S. agricultural counselor in Seoul.)

U.S. exporters willing to make the investment required to establish such a facility will be able to provide a much-needed service to Korean importers. In any event, direct contact with the client is always the preferred way of doing business in Korea.

U.S. exporters can increase their potential for sales by displaying their samples to small- and medium-sized fur garment manufacturers.

Faced with the alternatives of purchasing fur skins from a competitor, or "sight unseen" from a foreign supplier, most manufacturers welcome the opportunity for direct purchase, particularly if they can inspect samples.

Trade Shows Preview Goods

One way for exporters to show their goods is at trade shows. The U.S. agricultural trade office in Seoul and the state of

Korean Fur Industry Dominated by a Few

Korea has 34 fur manufacturers, four of which can dress raw fur skins. Additionally, the largest of these firms has spawned a subcontracting business, which is reported to involve as many as 75 small manufacturers.

The industry is highly concentrated, with the dominant company accounting for half of total fur imports and two-fifths of total exports. It is a vertically integrated operation which includes everything from a contract mink ranching operation to a duty-free showroom in Seoul.

The larger fur manufacturers in Korea often procure their raw materials at international auctions, such as those in Copenhagen and Seattle, with most purchases taking place between December and March.

The manufacturers determine their needs on the basis of anticipated consumer demands as indicated by fur garment sales in November—the beginning of the retail season.

At the start of the auctions in December, quality, availability and price are established for the season. Dealers or agents attending the auctions on behalf of the manufacturers usually work on a fixed-commission of 3 to 5 percent. They also may arrange for the raw skins to be tanned overseas before shipping them to Korea.

Only the larger Korean companies have the financial capability to participate in these auctions. Small companies have more limited alternatives in procuring raw materials, putting them at a disadvantage in terms of quality of raw material, availability and price.

For example, the smaller firms may place an order with a local trade agent who in turn will relay the order to a dealer in the United States. Materials purchased "sight unseen," however, may not meet the buyers' expectations in terms of color, quality and uniformity.

The small manufacturer also may buy fur skins from the predominant Korean manufacturer, who sometimes carries extra stocks. The price in this case would be negotiable, but the quality of these residual stocks may not be the best.

Wisconsin co-sponsored a fur fair in a major hotel in Seoul in February 1987. Exhibitors reported that the event generated a great deal of interest among buyers and led to a number of sales. Another show is planned for 1988, and U.S. exporters are encouraged to participate. For more information, contact:

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American Embassy
APO San Francisco CA 96301
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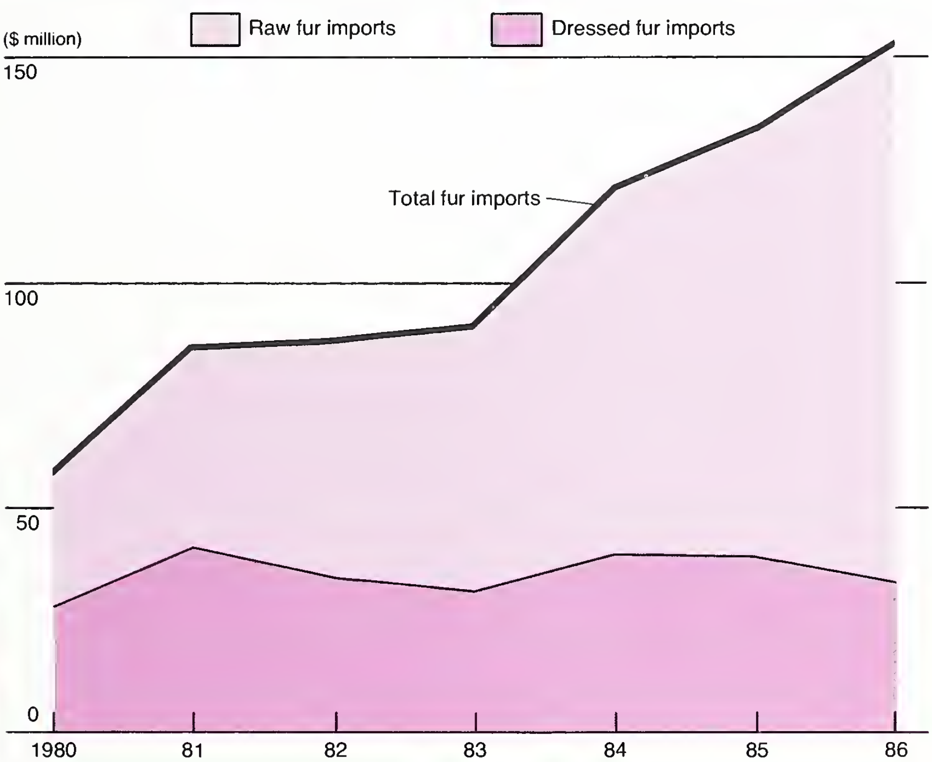
Telex: K 25823 SOLATO ■

The author is the U.S. agricultural attache in Seoul, Korea.

Raw Furs Set the Pace as Korean Fur Imports Climb Steadily



Fact File:

The Export Product Review Program

Proper labeling is an important sales point in any export venture. The Export Product Review Program of the Foreign Agricultural Service (FAS) provides exporters with advanced, up-to-date information on labeling and ingredient regulations in foreign countries. To find out if a product label and ingredients meet the requirements of a targeted foreign country, exporters can send a product label and ingredients list to FAS for evaluation.

Upon receipt of a request for product evaluation, a preliminary report on the country's general label requirements and food standards is mailed from Washington, D.C. The preliminary report will answer such questions as: in what order should the product ingredients be listed; what is the required language; are import licenses required; and, are stick-on labels allowed. Enclosed with this report will be copies of any pertinent legislation governing food products in the targeted country.

Overseas Evaluation Is Determined for Products

The proposed product label and ingredient information also will be sent to the appropriate agricultural counselor or attache overseas for review by local officials with knowledge of the country's food laws. This product specific evaluation determines whether a product can be admitted as is, or if approval might be given if certain changes were made. Required changes usually pertain to preservatives and additives.

As part of the product specific review, agricultural officers abroad may comment on the potential marketability of the product in the overseas market of interest. This information can help U.S. firms evaluate the competitiveness of a product and identify any impediments to marketing it. Although the Export Product Review Program can provide information about foreign import requirements, actual entry of a product into any overseas market is subject to final permission by the foreign government at the port of entry.

Country Reports Summarize Requirements and Standards

In addition to the product review, Country Product Review Reports also are available. These reports summarize a specific country's requirements and standards for packaging and labeling of imported food products. They provide information on the general business environment, trade customs, payment terms, duty structure, language, and labeling and ingredient requirements for food products. Reports are currently available for Japan, Italy, West Germany, Switzerland, France and the United Kingdom.

How To Have Labels Reviewed

All product information must be submitted on an "Application for Product Review" form (FAS-633), available from the Export Product Review Program, Room 4944-South Building, Foreign Agricultural Service, HVPD, U.S. Department of Agriculture, Washington, D.C. 20250-1000. Telephone: (202) 475-3408. Two copies of each product label for each country where labels are to be reviewed must be sent with the completed application form. If product ingredients are not fully defined on the product label, a list of ingredients, particularly food additives, in descending order of prominence must be attached.

A fee of $25 is charged for each product for each country requested. Product review fees are waived for any U.S. company participating in an FAS-sponsored event overseas, but only for the country in which the event is located. Make your check or money order payable to: Foreign Agricultural Service, High Value Products Division (HVPD).

Exporting to the Persian Gulf: Patience, Preparation and Promotion

Pitamber Devgon, the U.S. agricultural trade officer in Bahrain, says the Persian Gulf area is "an exporter's paradise," with a per capita buying power second to few. This month, **Foreign Agriculture** *talks with Devgon about the business climate in the tiny, oil-rich Arab countries of Bahrain, Oman, Oatar, Kuwait and the United Arab Emirates (U.A.E.) that his office covers.*

FA: Tell us about the Persian Gulf area. What is the market potential for U.S. goods?

Devgon: The key thing to remember about the five Gulf countries is that although the population is a little over 5 million people, it is probably one of the richest groups of countries in terms of per capita income. Oil rich, these countries have a tremendous amount of development going on, and they have buying power. Countries in the area are looking for everything.

In poultry, the region may be 35 percent self-sufficient; in milk, about 20 percent; meat, maybe 4 or 5 percent. In addition, these five countries also produce small amounts of vegetables. Consequently, they need to import large amounts of all food products.

Also, exporters to the Gulf region must take into consideration the preferences of the ex-patriate communities. Most of the ex-patriates are British, Asian or Egyptian. In Kuwait, they constitute 70 percent of the work force; in Bahrain, about 55 percent. The majority of the work force in the region is foreigners, from laborers to general managers of corporations.

FA: Because of the high proportion of Moslem consumers, are there certain customs that exporters to the area should be aware of?

Devgon: Yes, there are quite a number of them, and not just Moslem customs, but social customs, too.,

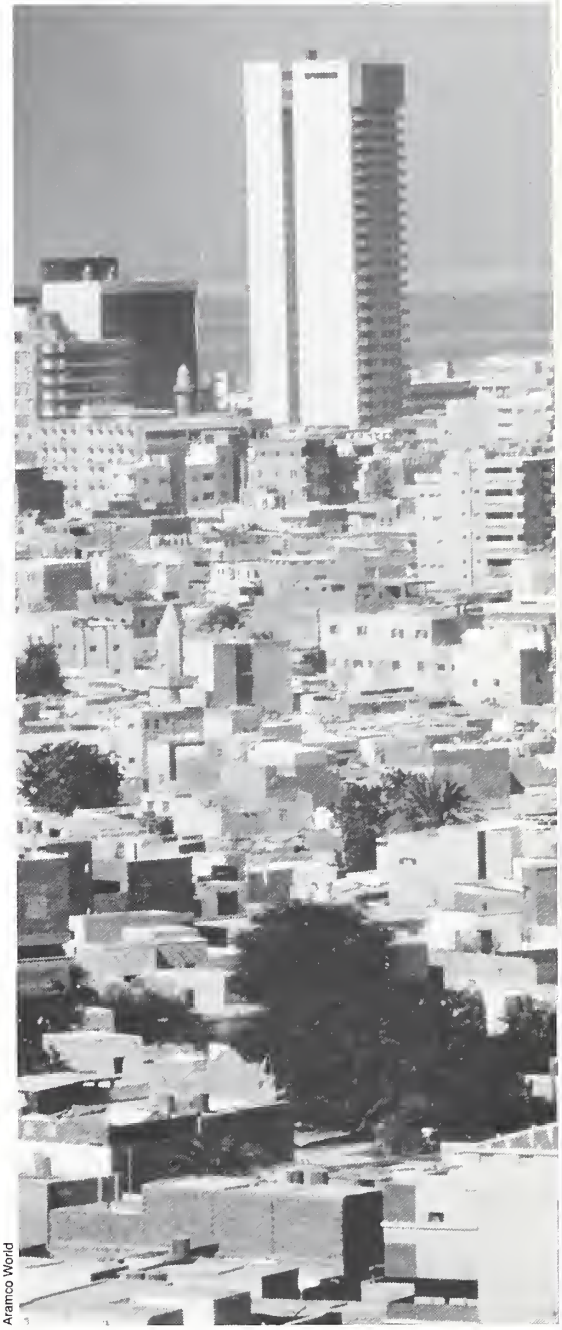
In business meetings, for instance, it's not a good practice to cross your legs. It is a mark of disrespect to show the soles of your shoes.

Also, an exporter must be careful with pork and products containing pork. Three of the countries—Oman, U.A.E. and Bahrain—permit pork imports—any kind of pork from bacon to roast pork or whole carcasses. But the pork must be in a separate display unit, away form beef, lamb and poultry. It can be in the same stores—side by side. Products containing pork must be labeled "pork product" or something similar.

FA: What are some other business etiquette tips?

Devgon: Hospitality is the trademark in this part of the world. Invariably, a foreign guest is offered a choice of refreshments—coffee, tea or a soft drink. It is a good idea to accept. Otherwise, you are indicating that you don't care about the host's hospitality.

Patience is also important. You cannot expect to walk into an office and say, "Here is my product and here are my prices. Now, how much do you want to order?"



Aramco World

At the first meeting, the buyers may indicate they like your product but not give you a commitment. Buyers want to get to know you first before buying from you.

Aramco World

If buyers are interested, they might say, "Can we sit down this evening over dinner?" They want to think about it; consult their families or partners. Most are not going to make an immediate decision.

FA: What are some of the labeling requirements in the Gulf region that exporters should be aware of?

Devgon: Most countries in the Gulf region have very stringent rules on full disclosure. . .essentially a consumer protection program. Every product must have production and expiration dates. And there are about 80 different products for which there are established shelf-lives.

Arabic must be one of the languages on the label. That's the law. But often there are exceptions. For example, in the U.A.E. you must have production and expiration dates but you don't have to have an Arabic label. In Bahrain, "ethnic" foods, such as corn syrup, can be exempted from this requirement.

FA: What is the U.S. share of the Gulf market?

Devgon: Bahrain, Oman, Qatar, Kuwait and the U.A.E. buy approximately $130 million worth of U.S. agricultural products, excluding lumber. That is less than 5 percent of their food imports from all sources.

There is tremendous demand in the region for wood, for example. We even sold 40,000 telephone poles to Oman. I met a buyer who said he needed 40-foot logs. Our office sent out a trade lead and sold him telephone poles.

The problem is we have never tried hard enough to compete in the area.

FA: Are you saying that the region doesn't know what the United States has to offer?

Devgon: Precisely. I'll give you some examples.

—U.S. pancake mixes are on the shelf in stores, but not pancake syrup. So I said "Have you ever tried maple syrup?" People in the region never heard of it. But buyers tried it, they liked it, and now maple syrup is on the market.

—Our office was visited by an exporter from Washington State trying to find a market for apple juice. We arranged for buyers to taste the product. The buyers wrote out orders. Now apple juice is standard fare.

—Our office thought there was a market for pecans because a lot of walnuts are used in local confectionery and desserts. So, we assisted exporters in introducing pecans during a Thanksgiving dinner organized by one of the local hotels.

Turkey stuffings, cranberry sauce, fresh cranberries, cranberry juice, apple juice and California wines, to mention a few, were also introduced. The dinner has become a tradition.

FA: Who is the competition in the region?

Devgon: It depends on the products. For wheat, it is Australia. For fresh meat or livestock, it is Australia and New Zealand. Fresh and frozen meat comes from the European Community. Denmark is the largest supplier of pork products.

For canned and frozen fruits and vegetables, the Europeans are the main competition for three main reasons. First, the Europeans subsidize their exports; second, the Gulf region is familiar with European products; and third, the two regions have established relationships. Now it is up to the United States to create and strengthen its own food trade relationships.

FA: Can U.S. exporters make inroads there when competing against subsidies from the Europeans?

Devgon: Yes, they certainly can—through FAS programs and through our mere presence. I haven't had a single sales representative come by who has gone away empty-handed; they have taken orders back. And some sales people have taken a whole range or orders, from hot sauce to honey.

During four and a half days at a food show two years ago, 18 U.S. companies generated over $12 million worth of new business.

After the trade show, I led several of the U.S. exhibitors on a sales mission to other countries in the region. In two and a half days in Dubai, they did $8.1 million worth of business. This shows what just a little bit of effort can accomplish. The market is there. The sky is the limit.

FA: In addition to food shows, what are some other marketing promotions you've been involved with?

Devgon: One is in-store promotions. The agricultural trade office sponsored promotions in six supermarkets in the U.A.E. last September. This month, we are planning similar promotions in 15 supermarkets in three cities in the U.A.E. and another six in Bahrain.

Last year, 22,000 shoppers went through the supermarkets. We learned some lessons and then we went to Kuwait where we arranged for a two-week long U.S. foods promotion in two major supermarkets. More than 200,000 Kuwaiti shoppers passed the cash registers. Sales of U.S. products jumped 20 to 25 percent.

At these promotions, we offer samples of all of the U.S. products that are in the supermarket—peanut butter, grape juice, U.S. rice or a piece of beef—at a specially designed booth. Wherever those products are on the shelf we have signs which say "Quality U.S. Foods."

FA: What should a company do if it has never done business in the area before?

Devgon: The first step should be to contact us. Our office has prepared a handbook which is given to all incoming trade teams. It's a guide to doing business in the Gulf countries. It gives a brief history, economic situations, religious and social values, things to do and not to do. We know the market and are eager to help.

U.S. firms can join in our ongoing promotional programs. We can also arrange for individual or state-group in-store promotions. The High Value Products Division of FAS can also be of tremendous help to U.S. exporters. Like those of us in the Gulf countries, they are there to help strengthen U.S. export efforts.

FA: You make the region sound like a paradise for exporters. Can it be that good of a market?

Devgon: It *is* an exporter's paradise. The challenge and the market are there. But there are some caveats: don't take advantage of the people you deal with in the region. And if you promise to be a reliable supplier, you have to follow through. You have to service the buyer. We are there to help.

For more information on exporting to the Persian Gulf region, contact:
U.S. Agricultural Trade Officer
American Embassy, Manama
FPO New York 09526
Tel. (011-973) 742-127
Telex: 9398 USATO BN
Workweek: Saturday-Wednesday ■

The Promises and Perils of Spain's EC Accession

By Ralph E. Dutrow

Spain's accession to the European Community (EC) on January 1, 1986, has had a marked impact on Spanish agriculture, as well as on that of the EC itself. This month, ***Foreign Agriculture*** *examines the effects of accession on Spanish agriculture and the implications for the future.*

Spanish accession to the European Community has inspired major conflicts and negotiations, exacerbated by surpluses of many agricultural products. The transition period for full accession to the EC promises to be lengthy and difficult not only for agriculture in Spain and the rest of the EC but for agricultural interests in many other countries—including the United States—as well.

Spain's entry boosted the number of farms in the EC by 30 percent; the amount of land in agriculture and the number of jobs dependent on agriculture rose by 25 percent. Agricultural products account for roughly one-fifth of Spain's exports.

In general, Spain will act as the EC's "garden" for horticultural commodities. Although an important producer of high-quality bread wheat and selected livestock products, Spain will import increased quantities of feed grains and both live animals and animal products from the more efficient producing countries of northern Europe.

Alignment Will Take Several Years

For most sectors of Spanish agriculture, prices, duties and administrative procedures will be aligned progressively with those of the EC over a seven-year transition period.

For the more sensitive commodities (oilseeds, olive oil, fresh fruits and vegetables and bread wheat), the transition will take 10 years. An array of devices was created to minimize (or delay) the impact of accession on the agricultural sectors both in the rest of the EC and in Spain.

One major task facing Spanish farmers will be to adapt to quality standards and other EC commodity requirements.

Accession has meant adjustments for agricultural agencies as well. The Spanish Ministry of Agriculture, for example, has seen its agricultural decisionmaking capacity transferred to the EC Council of Agricultural Ministers. The once-powerful price regulation agency (FORPPA) has been reduced to taking care of administrative matters. State trading activities have been curtailed and eventually will be terminated.

Already the agency that executes FORPPA's policies, SENPA, has lost its wheat marketing monopoly. Spanish agriculture also will have to adjust to the elimination of input subsidies, which are not permmitted under the EC's Common Agricultural Policy (CAP).

The Down Side of EC Membership

Despite the lengthy and gradual transition period, one of the most important aspects of the CAP, the variable levy on grain imports, was applied in full by Spain on March 1, 1986. The imported corn that the Spanish livestock industry had come to rely on in recent years was suddenly no longer available, made prohibitively expensive by duties of 100 percent or more.

Spanish livestock feed manufacturers were forced to turn to the United Kingdom and France for grains that are both more expensive and less satisfactory than corn for livestock feeding.

The problems caused by the imposition of the variable levy were felt not only within Spain, but in third countries, particularly the United States, which lost a valuable market for feed grains.

To compensate non-EC suppliers for these losses, an agreement was reached

with the United States obliging Spain, with EC financial support if necessary, to buy 2 million tons of corn and 300,000 tons of sorghum per year through 1990 from third countries. Most of this grain is expected to be imported from the United States.

Livestock Sector Feels the Pinch

Spanish accession to the EC dealt a double blow to the country's livestock interests: They suddenly had to pay sharply higher prices for feed grains, mandated by the CAP, and at the same time faced a progressively rising level of imports of meat, dairy and other animal products from elsewhere in the EC. However, the compensation agreement between the United States and the EC will allow the Spanish livestock sector somewhat of a transition period.

Manufacturers of livestock feed are in a more flexible position in adapting to the new requirements of EC memberhsip. Spanish companies, many of them owned by or affiliated with multinational grain trading corporations, have full access to price and supply information for all potential feed ingredients. With the use of linear programming, they can formulate feed rations which are highly sensitive to existing price relationships.

During 1986 these companies rapidly adjusted to the realities of EC membership, utilizing not only barley and wheat from EC sources but products such as tallow, corn gluten feed and manioc which previously had been used sparingly or not at all in Spain.

Mixed Outlook for Other Commodities

Grain producers in Spain stand to benefit over the long run from EC production subsidies and from protection against third-country imports due to the variable levy. Bread wheat production likely will increase, as will corn output.

Significant changes are anticipated within the Spanish oilseed sector. A gradual alignment to EC policies during a five-year standstill period should lead to the elimination of Spain's soybean oil consumption quota and an abolition of the indirect taxation which had existed.

However, the EC's inability to fund its increasingly expensive oilseed regime signals continued efforts for an EC-wide scheme of taxing vegetable oils. Spain thus far has maintained an ambivalent posture on these proposals.

Sunflowers should benefit perhaps more than any other crop in Spanish agriculture from the EC's generous production and processing subsidies. As with other crops, however, adapting EC program requirements to Spanish conditions involves some give and take by both sides.

When a bumper 1987 crop of sunflowerseed and large carryover stocks drove early season prices far below those guaranteed by the EC's intervention system (which did not become effective until October 1), Spanish farmers staged demonstrations to demand relief. After weeks of protests, the EC agreed to subsidize additional exports of Spanish sunflowerseed oil to help raise seed prices.

Spain is and will remain the most important EC producer of olive oil, but surpluses continue to build and the future is uncertain. Generous EC aids to the sector are a mixed blessing—encouraging production while causing higher prices that discourage consumption. Competing sunflower and soybean oils already have had a drastic impact on domestic consumption patterns.

The fruit and vegetable sector eventually will gain substantially from EC membership. However, greater access to northern markets via reduced duties for fresh produce will not begin until 1990 and full tariff elimination will not be accomplished until December 31, 1995.

Although fresh fruits and vegetables can easily saturate a market due to overproduction, Spain's comparative advantage in this sector will ultimately bring substantial dividends.

Over time, processed fruit and vegetable industries also may benefit from EC aids. In the short run, however, they have been damaged by the withdrawal of export subsidies that were so beneficial prior to accession.

A Review of Spanish Trade After EC Accession

The first year of EC membership resulted in dramatic shifts in Spain's international trading patterns. Exports to the EC increased from 50 percent to 61 percent of total Spanish exports in 1986 while 48 percent of Spain's imports originated from the EC in 1986 compared to 35 percent in 1985.

Although Spain's 1986 agricultural imports from the United States slipped from the $990 million recorded in 1985 to $912 million, the drop was less severe than had been anticipated because of improved soybean sales.

With the new requirement for Spanish imports of 2.3 million tons of third-country corn and sorghum, total 1987 imports from the United States should recover to the $1-billion mark. Spain's exports in 1986 to the United States, mostly of horticultural products, were worth $343 million, about the same as in 1985.

The Spanish wine industry will be faced with a further restructuring and downsizing as it adapts to EC quality standards while making use of various EC aids.

EC May Undergo Changes

The European Community may likewise be in for some changes as a result of Spanish accession. For example, Spain and Portugal join Italy and Greece in forming something of a "Mediterranean bloc" within the EC, which may give these countries more clout.

For some time, Italy and Greece have claimed that the CAP discriminates against agricultural products of importance to southern Europe while favoring the cereals and livestock sectors in northern Europe. It is possible that the southern countries may attempt to shift CAP resources somewhat toward greater support of southern European agricultural products, notably wine, olives and olive oil, and fruits and vegetables.

Is a Change in Spending Ahead?

Spanish accession also could influence structural changes in CAP expenditures. Spending by the CAP has become burdensome for the EC, consuming two-thirds or more of total EC revenues and precluding the initiation or more vigorous execution of many non-agricultural projects.

Even though Spain is one of the EC countries most dependent upon agriculture, it stands to gain by supporting some restructuring of both the CAP and the overall EC budget.

Within the CAP, for example, a shift in the budget away from the so-called "guarantee" spending on commodity price support mechanisms and toward "guidance" projects for structural programs could benefit Spain's rural areas.

These projects are generally aimed at the development of depressed rural areas and may include special help to mountain agriculture, help for young and family farmers, animal and plant disease control and many similar programs.

Spain also may be expected to support the transfer of spending entirely out of the agricultural area and toward badly needed structural programs and projects to enhance the economic development and integration of the EC.

One of Spain's greatest needs is an improved network of roads and highways, which could benefit from EC financial assistance. Spending on industrial infrastructure, education, health programs and scientific research are only a few of the areas which could benefit from the transfer of funds away from the creation of ever-greater agricultural surpluses. ■

The author is the U.S. agricultural attache in Madrid.

India

Market Exists for High-Quality U.S. Dairy Stock, Semen and Embryos

India is a potential market for high-quality U.S. dairy cattle, frozen semen and embroyos because of the growing demand in that country for high-yielding dairy cattle.

Although North European countries are currently providing a large proportion of India's imports, the comnbined efforts of several U.S. cattle breeding associations could boost the U.S. share of this market.

Recent interest has been expressed in the import of U.S. Holsteins and Jerseys for breeding and dairy development programs. Herds of exotic breeds, such as Holstein-Friesian, Jersey and Brown Swiss also are maintained on government farms for production of proven bulls of high genetic merit.

Market development activities are needed in the areas of technical assistance, training programs, joint cattle breeding projects and possibly donations of registered superior cattle for demonstration purposes. The establishment of a large cattle and fodder farm in collaboration with the public or cooperative sector also could generate interest in U.S. cattle imports.—*Patricia M. Haslach, Agricultural Attache, New Delhi.*

Japan

Desire for Better Housing May Stimulate Wood Imports

With the realization that their nation has achieved economic superpower status, Japanese consumers are increasingly expressing a desire to see their world preeminence reflected in better living standards—and particularly better housing.

The Japanese government last year surveyed public attitudes toward housing in the country's three largest metropolitan areas. According to the survey report, roughly two-fifths of the respondents said that they were not satisfied with their current residence. A detached, single-family home was listed by 85 percent of the respondents as their preferred type of residence. Nearly a third said that 150-200 square meters would be the ideal amount of land for a home. Currently, the average floor space for a home in Tokyo is about 58 square meters and the national average is roughly 86 square meters, according to the Japanese Ministry of Construction. This compares with an average of approximately 100 square meterrs for some European countries and 135 meters for the United States. The survey also revealed that five was the first choice for number of bedrooms, and no more than 45-60 minutes of commuting time was preferred.

An increased demand for wood in Japan, led by a surge in housing starts, has already led to strong increases for U.S. exports of forest products to Japan this year and last. U.S. logs, lumber and wood chips all showed significant gains in shipments to the Japanese market last year, and further gains were expected this year.—*Suzanne Hale, Agricultural Trade Officer, Tokyo.*

Morocco

Rising Clothing, Textile Exports Spur Demand for Raw Cotton

Strong growth in clothing and textile output, fueled largely by rising exports, is bringing good growth in demand and imports of raw cotton. Domestic output of cotton is also on an uptrend, as improved water supplies for irrigation are allowing an increase in cotton plantings after area had to be cut because of a long drought. All cotton produced in Morocco is the pima type, whereas most of the domestic demand for cotton for finished goods production requires shorter staple cotton. A large part of the domestic pima is processed into thread or yarn for export. Thus, most of the increase in cotton use resulting from the increasing output of clothing and textiles is being met by growth of raw cotton imports. Moroccan imports from the United States have picked up sharply as U.S. prices have become more competitive.

U.S. cotton exports to Morocco dropped to an unusually low level prior to the current marketing year. The key factors were the relatively high and rigid U.S. support price and the strong dollar. However, following the sharp drop in U.S. cotton prices last year, Moroccan interest was quickly rekindled. The decline of the dollar in relation to the Moroccan dirham also has helped the U.S. competitive position over the last year. It appears the U.S. share of Moroccan imports is returning to around 30 percent.

One negative factor is that Moroccan buyers tend to feel neglected by U.S. exporters. Most sales of U.S. cotton to Morocco are handled through Europe, as U.S. exporters generally seem to find the Moroccan market too small to make direct trade worthwhile.—*David W. Culver, Agricutlural Counselor, Rabat.*

Spain

Imports Surge as Pistachios Gain in Favor

Spain's consumption of pistachios has grown dramatically during the past three years from a few hundred tons to over 6,000 tons in 1986. The once-exotic imported nut ranks today as an important competitor for domestically produced almonds and filberts. Approximately 90 to 95 percent of pistachios are consumed in Spain as snacks, with the balance going to the ice cream and confectionery industries.

Practically all pistachios imported into Spain are in-shell raw. Many of the importers are also roasters. Roasted pistachios are generally marketed in bulk (mainly 20-kilogram boxes) for bars, street vendors and vending machines. Retail packing is picking up but still has a way to go. Retail packages range from 40 grams to 1 kilograms.

Trade sources believe that pistachio imports in 1987 may be as high as 8,000 tons.—*Edmund L. Nichols, Agricultural Counselor, Madrid.*

Taiwan

Soymeal Use Up as Hog Sector Expands Sharply

The hog industry is Taiwan's No. 1 agricultural sector by value, and the major consumer of soybean meal, with about half of total use. Encouraged by record-breaking pork exports to Japan, low feed prices and good local hog prices, Taiwan's hog industry is expected to grow 9 percent in 1987 from an already high 1986 level. This, coupled with strong growth in the poultry sector, is pushing up demand for soybean meal.

Taiwan's soybean imports are likely to total at least 1.8 million tons during 1987, which would be up 13 percent from last year. The United States is expected to supply all of the total, except for 25,000 tons from Uruguay. Both Uruguay and Paraguay have a contract to supply soybeans to Taiwan. Shipments from Uruguay this year are expected to be 10,000 tons short of the contract amount while Paraguay reportedly will fail to supply the agreed 35,000 tons.

Demand for soybean oil in Taiwan did not increase as much as that for soybean meal. Soybean oil prices have remained low for months, mainly due to oversupply and competition from cheaper palm oil, lard and tallow in the cooking-oil market. Some crushers have been selling crude soybean oil to the feed industry at discount to ease serious oversupply. An estimated 50,000 tons of soybean oil are expected to be used for feed.

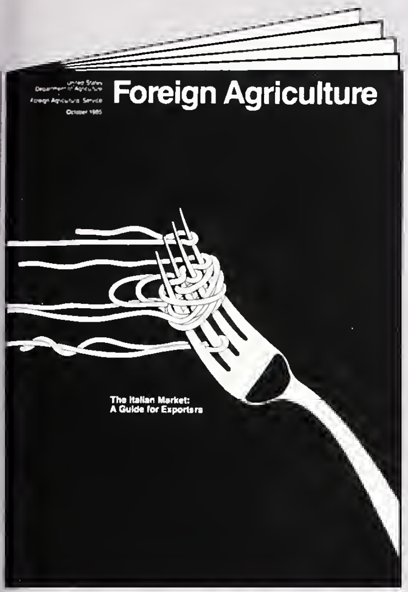
Taiwan halved its tariff rates for soybean oil and meal this past spring. The tariff for meal was lowered from 7 percent to 3.5 percent and that for soybean oil was reduced from 15 percent to 7.5 percent.—*James B. Swain, Agricultural Officer, Taiwan, Taipei.*

Thailand

Cotton Imports Show Dramatic Rise

Cotton imports have risen dramatically in recent years to feed Thailand's booming textile industry. Thailand imported nearly 140,000 metric tons of cotton fiber during August 1986-February 1987, which was almost double imports during the same 1985/86 period. Imports of U.S. cotton also have increased sharply following implementation of the marketing loan program. Whereas U.S. market share had fallen from 60 percent in 1980/81 to only 3.4 percent in 1985/86, it is expected to recover to about 25-30 percent during the 1986/76 season.

Price is the biggest single factor affecting the U.S. sales outlook in Thailand. Despite its recognized high quality, U.S. cotton had been steadily replaced by lower priced Sudanese, Pakistani, Chinese and Brazilian supplies up until this year. The current competitive prices should allow the United States to regain much of its former market share.—*Weyland M. Beeghly, Agricultural Attache, Bangkok.*



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